

DISCLAIMER

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 29, 2000

PETITION OF

AQUASOURCE UTILITY, INC.,

AQUASOURCE UTILITY/SL, INC.

CASE NO. PUE000341

and

SHAWNEE LAND UTILITIES COMPANY, INC.

For approval of the purchase of assets pursuant to the Utility Transfers Act and for certificates of public convenience and necessity pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia

ORDER FOR NOTICE AND COMMENT

On June 1, 2000, AquaSource Utility, Inc., and AquaSource Utility/SL, Inc. ("AU/SL")(together referenced as "AquaSource"), and Shawnee Land Utilities Company, Inc. ("Shawnee Land") (collectively referenced as "Petitioners"), filed a petition requesting Commission approval pursuant to Chapter 5 of Title 56 for AquaSource to acquire, and for Shawnee Land to dispose of, all of the water utility assets of Shawnee Land<sup>1</sup>. Petitioners also request, pursuant to §§ 56-265.3 D and 56-265.2, authority to transfer and issue to AU/SL any necessary certificates of

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<sup>1</sup> Shawnee Land is certificated public utility providing water service in Frederick County, Virginia.

public convenience and necessity to serve the territory currently served by Shawnee Land, to acquire the existing Shawnee Land facilities, and to construct new facilities necessary to return the Shawnee Land system to adequate service<sup>2</sup>. In addition, AquaSource requests approval of a surcharge mechanism designed to recover the costs of financing facilities improvements (estimated to be approximately \$150,000).

By letter dated June 9, 2000, Petitioners note that AquaSource proposes to continue billing customers on the existing tariff rates and terms and conditions of service. Nothing will change in the short term (during the repair phase), except that customers previously connected to the system who wish to be reconnected may do so without the payment of any connection fee through the end of 2002. After the completion of the improvements as contemplated in the petition, AquaSource will begin billing the surcharge for a maximum period of five years. Nothing in the regular bill will change, but the surcharge will be added to it.

NOW THE COMMISSION, having considered the petition and applicable law, is of the opinion that the matter should be docketed, notice should be given, and interested persons should

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<sup>2</sup> Petitioners submit that the construction of new facilities necessary to return the Shawnee Land system to adequate service are ordinary extensions or improvements in the usual course of business not requiring issuance of a certificate of public convenience and necessity pursuant to § 56-265.2.

have an opportunity to comment and request a hearing.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) This matter shall be docketed as Case No. PUE000341.

(2) The Company shall make a copy of its application and exhibits available for public inspection during regular business hours at the Handley Library (Old Town Branch), 134 North Loudon Street, Winchester, Virginia 22601.

(3) On or before August 1, 2000, Petitioners shall mail the following notice (bill inserts are acceptable) to all of Shawnee Land's customers in Frederick County, Virginia:

NOTICE OF PETITION OF  
AQUASOURCE UTILITY, INC.,  
AQUASOURCE Utility/SL, INC., AND  
SHAWNEE LAND UTILITIES COMPANY, INC.,  
FOR AUTHORITY TO ACQUIRE THE ASSETS OF  
SHAWNEE LAND UTILITIES COMPANY, INC., AND  
FOR CERTIFICATES OF PUBLIC CONVENIENCE AND  
NECESSITY  
CASE NO. PUE000341

Notice hereby is given that AquaSource Utility, Inc., and AquaSource Utility/SL, Inc. ("AU/SL")(together referenced as "AquaSource"), and Shawnee Land Utilities Company, Inc. ("Shawnee Land") (collectively referenced as "Petitioners"), filed a petition requesting Commission approval for AquaSource to acquire all of the water utility assets of Shawnee Land. Petitioners also request authority to transfer and issue to AU/SL any necessary certificates of public convenience and necessity to serve the territory currently served by Shawnee Land, to acquire the existing Shawnee Land facilities, and to construct new facilities necessary to restore adequate water service to the Shawnee Land system.

In addition, AquaSource requests approval of a surcharge mechanism designed to recover the costs of financing facilities improvements (estimated to be approximately \$150,000). The proposed surcharge will be calculated upon completion of the project based on actual capital expenditures and customer levels. The surcharge will vary from year to year and could increase or decrease depending on the number of customers served by AquaSource in a given year.

Petitioners note that AquaSource proposes to continue billing customers on the existing tariff rates and terms and conditions of service. Nothing will change in the short term (during the repair phase), except that customers previously connected to the system who wish to be reconnected may do so without the payment of any connection fee through the end of 2002. After the completion of the improvements as contemplated in the petition, AquaSource will begin billing the surcharge for a maximum period of five years. Nothing in the regular bill will change, but the surcharge will be added to it.

A copy of the petition is available for public inspection during regular business hours at the Handley Library (Old Town Branch), 134 North Loudon Street, Winchester, Virginia 22601. The petition also is available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the State Corporation Commission, Document Control Center, Tyler building, First Floor, 1300 East Main Street Richmond, Virginia.

Any person wishing to comment on the petition or request a hearing may do so on or before August 16, 2000, by addressing such comments or request to: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118,

Richmond, Virginia, and shall refer to Case No. PUE000341. A copy of the comments or requests for hearing must also be sent to counsel for Petitioners as follows: Anthony Gambardella, Esquire, WOODS, ROGERS & HAZELGROVE, P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. Requests for hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments.

If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decisions administratively, based upon papers filed in this proceeding.

AQUASOURCE UTILITY, INC.,  
AQUASOURCE Utility/SL, INC., AND  
SHAWNEE LAND UTILITIES COMPANY, INC.

(4) The Company forthwith shall serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or town (or equivalent officials in counties, towns, and cities having alternate forms of government) lying within the Company's service area. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(5) On or before August 16, 2000, Petitioners shall provide the Commission with proof of notice required in Ordering Paragraphs (3) and (4).

(6) On or before August 16, 2000, any interested person wishing to comment on the petition as amended shall address such comments to: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE000341. A copy of such comments simultaneously shall be sent to counsel for Petitioners as follows: Anthony Gambardella, Esquire, WOODS, ROGERS & HAZELGROVE, P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

(7) On or before August 16, 2000, any person desiring a hearing in this matter shall file a request for hearing in writing with: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE000341. A copy of such request simultaneously shall be sent to Petitioners as follows: Anthony Gambardella, Esquire, WOODS, ROGERS & HAZELGROVE, P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. Any request for hearing shall detail the reasons that such issues cannot be adequately addressed in written comments.

(8) Appropriate members of the Commission's Staff shall review the petition and shall submit, on or before August 28, 2000, a report presenting their findings and recommendations.

(9) On or before September 7, 2000, Petitioners and interested persons shall file a response, if any, to the Staff Report.